

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7139

BILL NUMBER: HB 1538

NOTE PREPARED: Apr 21, 2011

BILL AMENDED: Mar 28, 2011

SUBJECT: Minimum Wage Required by Local Unit.

FIRST AUTHOR: Rep. Speedy

FIRST SPONSOR: Sen. Schneider

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) The bill prohibits a local unit of government (unit) from establishing, mandating, or requiring a minimum wage that exceeds the state or federal minimum wage unless federal or state law provides otherwise. The bill allows a unit to establish wage rates in a contract to which the unit is a party.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) The prohibition of a minimum wage rate above the state rate would have an indeterminable impact on local expenditures. The state minimum wage is currently \$7.25 per hour as provided by federal law (29 U.S.C. 201 et seq.) The bill would also include the wage rate provided under 29 U.S.C. 206(a)(1), which is also \$7.25 per hour.

It is currently unknown how many units have mandates requiring payment of a wage exceeding the state minimum wage. To the extent that this provision voids any existing ordinances, there would be a savings to local units no longer required to pay a wage above the state minimum wage to every employee. Ultimately, the fiscal impact to local expenditures would be determined by the future hiring practices of local units.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Counties; municipalities; townships.

Information Sources: 29 U.S.C. 201 and 206.

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